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SUBJECT: MEETINGS OF THE WTO NEGOTIATING GROUP ON TRADE
FACILITATION - MAY 2-3, 2005

1. Summary/Overview: The WTO Negotiating Group on Trade Facilitation met for the third time this year on May 2-3 for a two-day highly substantive and constructive session. It was characterized by the predominance of papers sponsored by developing countries, the presence of unusual alliances forged from common interest, and the active participation of land-locked countries, such as Rwanda and Paraguay, that normally maintain a relatively low profile in other WTO bodies. The U.S. delegation, with Canada, held two well-received precedent-setting 'mini-workshops' to help developing countries understand our previously submitted proposals for commitments on Advance rulings and Release of Goods with a Guarantee. On the margins, the U.S. delegation held bilateral consultations with the "Colorado Group" of countries that had helped launch the negotiations, with APEC members, Latin American free trade agreement partners, Rwanda, China, India, Chinese Taipei and Hong Kong. End summary.

2. After submitting proposals at the first two meetings this year, the United States, Canada and Japan refrained from submissions this time, while the EU submitted only a list of its technical assistance activities and a general proposal on freedom of transit issues under GATT Article V that was eclipsed by other proposals on the same article submitted by developing countries. As a result, the countries that participated most noticeably and constructively at the May session, submitting substantive proposals for strengthened commitments, were those who tend to play a diminutive role, if any, in other WTO bodies. Two papers supporting strengthened rules in Article V were submitted by landlocked countries: the first by Bolivia, Paraguay, Mongolia and the Kyrgyz Republic, and the second by Rwanda, Paraguay and Switzerland. Both received substantial comment and support, other than some concerns expressed by (non-landlocked) Kenya. Korea's specific proposal to distinguish between "transshipped" and other goods in transit also drew comments and questions. Peru submitted a detailed list of proposed commitments, including required publication on the internet of all customs-related rules and regulations, echoing earlier U.S. proposals. Singapore submitted a paper relaying the lessons from its recent positive experience in adapting an Advanced Rulings regime (as a result of its free trade agreement with the United States). Papers were also submitted by New Zealand, Norway on Switzerland on trade document standardization, and by Hong Kong China on fees and charges, and transparency.

3. There were two papers of a cross-cutting nature. The first, by the African Group, set out in a fairly measured tone the need of its Members to receive technical assistance both during and after the negotiations for implementation purposes. The paper was notable in drawing a connection between technical assistance, the identification of needs and priorities, and a presumed entry into commitments. A paper by China and Pakistan elaborated on ideas the United States had begun raising earlier in the year about the need to undertake a 'bottom-up' approach by starting now to assess individual Member situations and needs for the purpose of implementing proposals.

4. Questions on proposals were constructive, seeking clarification, and again reflecting substantial engagement. Notably Uganda continues to be eager to push the benefits of trade facilitation reforms, seeking to preempt Kenya from appearing to represent its own negative views as representative of those of African countries as a whole. India continues to pose the greatest number of technical questions regarding the feasibility of various proposals, but now giving the impression that it is searching for ways to adopt them. In response to Kenya, China intervened to ask why any country should be afraid of binding rules. In another notable statement, the ambassador of Jamaica, which had been reluctant to launch negotiations in 2002, urged others to think not only of the effects of TF reforms on their imports, but also of the benefits for their exports.

5. The LDC group also submitted a paper, rumored to have been drafted by an NGO, that took a dissonant tone out of character from the rest of the meeting's engagement. The statement also included barely-veiled criticism of U.S. proposals. However, perhaps reflecting the success thus far in achieving constructive engagement in the NG deliberations from all ends of the development spectrum, a leading ambassador from the LDC group

privately apologized for the paper, noting that the submission of the paper was the subject of significant debate among LDC's, with final agreement to go forward being simply a matter of maintaining group solidarity.

16. During the lunch break during the two days of NG meetings, the United States (along with Canada) conducted one-hour "interactive mini-workshops" concerning two of its previously submitted proposals regarding new WTO commitments to maintain an advance rulings regime, and to maintain a system for release of goods while customs formalities are still pending. These technical presentations were made by two officials from the U.S. Customs and Border Patrol's Office of Regulations and Rulings. These U.S. events were roundly saluted by developing country Members, and appear to have established a precedent as another tool for achieving full engagement by all Members during the negotiations.

17. Comment: On the margins of the meeting, the U.S. delegation met with APEC members, Latin American free trade agreement partners, Rwanda, China, India, Chinese Taipei and Hong Kong. The highlight of the two days were the proposals that came in from landlocked developing countries from all regions, the significance of which was establishing such Members as stakeholders in the Trade Facilitation negotiations-- joining the United States in aiming toward results that will be in the form of new and strengthened WTO commitments. Also notable was that many, particularly China, the Philippines (chair of the "Core Group" of former opponents of TF negotiations), and Malaysia, supported the U.S. view that work needed to start soon on assessing individual developing countries' situation regarding the proposals being made in order to develop a factual foundation for addressing Members' individual needs and priorities in terms of implementation. End Comment. Deily